

Washington Horse Racing Commission
Meeting Minutes
August 10, 2012

The meeting convened at 9:30 A.M. at the Auburn City Council Chambers, Auburn, Washington. Present were: Paul George, Chairman; Jeff Colliton, Commissioner; Dr. Bud Hallowell, Commissioner; Sharon Payant, Assistant Attorney General; Robert J. Lopez, Executive Secretary; and Patty Sorby, Confidential Secretary. Attending by telephone, Senator Joe Fain, Ex-officio member.

Item #1. Approval of the meeting minutes:

a. Regular Meeting on June 8, 2012.

Commissioner Colliton moved to adopt the minutes as submitted. Commissioner Hallowell seconded the motion. Unanimously approved.

b. Special Meeting on June 28, 2012.

Commissioner Hallowell moved to adopt the minutes with the correction on page one, under item #1, paragraph two word change from “more” to “less”. Commissioner Colliton seconded the motion. Unanimously approved.

Item #2. Commissioners’ report.

a. Approval of Commissioner Colliton’s travel.

Chairman George stated that at the last meeting it was discussed and approved to have Commissioner Colliton attend the races at Emerald Downs and represent the Commission on June 10th for the Washington State Legislator’s Stakes race. The Commission must approve travel and reimbursement for per diem for the members when attending such events and the formal approval was forgotten at the last meeting of the Commission.

Chairman George moved to approve the travel reimbursement for Commissioner Colliton’s travel expenses. Commissioner Hallowell seconded the motion. Motion carried.

Chairman George had nothing further to report.

Commissioner Colliton said that while in attendance at the Legislator’s Stake race he did talk to some of the legislator’s regarding rising Labor & Industries premium assessments for the Horse Industry Account and the harm it is creating on the ability to participate in the sport.

Commissioner Hallowell said he also attended the races that day, attended the Washington Thoroughbred Breeders and Owners Association (WTBOA) annual meeting, noting there was a good turn out for the event.

2. Industry Reports:

a. Emerald Downs.

Ron Crockett, President, Emerald Downs discussed wagering from 2007-2011; wagering handle both instate and out of state; simulcasting instate and out; attendance; the entries for the 2012 Longacres Mile; and Jack Hodge, Vice President, added that two quarter horse races were now on the schedule.

Mr. Crockett discussed the Portland Meadows summer meet and said he wasn't particularly worried about the impact, which he felt was not harming Emerald Downs entries. Mr. Crockett reported that the TVG coverage had improved since he brought up to Mr. Cosson at last meeting his displeasure with the way they were covering Emerald Downs' races.

b. WHBPA.

Ron Maus, President, Washington Horseman's Benevolent & Protective Association (WHBPA) spoke about the medication changes being discussed regarding Furosemide (Lasix – Salix) administration and that he had changed his thinking about their use on race day. He said he felt this was more beneficial than harmful by allowing more horses in the gate to race without bleeding which promotes fuller fields and the ability for more wagering. Mr. Maus said he was pleased to have been asked to be the Honorary Steward for the Longacres Mile.

c. WTBOA.

Dana Halvorson, President, WTBOA reported on the sponsorship of the art show that is a Washington Thoroughbred Foundation fund raiser and that had gone well; WTBOA is sponsoring a program working with veterans – riding horses; and find this is very good therapy for them. They are working with Second Chance Ranch in finding home for retired race horses. Mr. Halvorson said the association is in good financial shape things have stabilized.

Item #4. Industrial Insurance – Horse Industry Account – An Update.

Robert Lopez reported that he and the WHBPA have had several meetings with L&I exploring some changes to the Horse Industry Account; how premiums are assessed and participation in the program. Mr. Lopez said the discussion include moving from six risk classes to four; adding new classes for grooms and assistant trainers working at the farm and classes and work classes for grooms at the major/minor tracks; moving to per month payments with coverage during training and at the licensed race meet. The short duration license category would be eliminated.

Mr. Lopez requested of the Commission for approval to go forward with these changes for the horse industry account.

Chairman George moved to approve changes to improve the L&I Horse Industry Account. Commissioner Colliton seconded the motion. Unanimously approved.

Commissioner Hallowell asked about coverage and monitoring when the trainer moved to another track like Portland Meadows or to the farm, would they still be covered. Mr. Lopez said they could continue to be covered if they take the same employees as they reported, when they were racing in Washington. They would still need to report monthly to have the proper premiums assessed.

Item #5. 2013 -2015 Biennial Budget Request:

- a. Maintenance Level Revenue;
- b. Self-Insurance Premium (placeholder only);
- c. License and Background Check Fees (Annual Review of License Fees).

Mr. Lopez reviewed the draft 2013-2015 Biennial Budget request for the Washington Horse Racing Commission. Mr. Lopez said the Maintenance Level Revenue decision package was to request a reduction in expenditure authority to meet expected reduced revenues for the WHRC operating account, the Washington Bred Owner & Breeder Account funds, and Class C purse funds.

MaryAnn O'Connell, Executive Director of the WHBPA said the horsemen were not in support of a license fee increase. With less purse money and less racing a fee increase would be an additional burden on the horsemen.

Mr. Crockett suggested we amend our statute by eliminating the language that requires the Commission to collect license fees to offset the cost of the licensing program. Mr. Lopez said he would review this suggestion and include it on the September 14, 2012 meeting agenda.

Commissioner Colliton moved to approve the three decision packages for submission as requested. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #6. 2013-2015 Agency Request Legislation:

- a. RCW 43.79A.040 and RCW 67.16.280; and

Mr. Lopez said this is a housekeeping amendment. The State Treasurer's office notified the Horse Racing Commission that this change was needed in order to retain earnings from interest.

Commissioner Hallowell moved to submit the agency request legislation to retain the interest from earnings amending RCW 43.79A.040. Commissioner Colliton seconded the motion. Unanimously approved.

- b. Racing Regulatory Compact – Public Comment on Proposed Legislation.

Mr. Lopez said this would be a new section. Currently three states that have Legislative authority to join the compact (Kentucky, Colorado and Virginia). Six states are needed to form the compact. Mr. Lopez said the only stakeholder response to this legislation was the WHBPA, who opposes it.

MaryAnn O'Connell, Executive Director, WHBPA said they are opposed to signing on this compact. She felt this was premature and was sending the wrong message.

Mr. Lopez said he believes joining the compact is the right thing for the state of Washington and the horse racing industry to do, but noted that without the support of the horsemen's group, this legislation had little chance of success.

Chairman George moved to remove this as from our 2013 agency-request legislation. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #7. Annual Review of the Distribution of Source Market Fees (WAC 260-49-070(3)).

Mr. Lopez said in accordance with WAC 260-49-070(3), the source market fee distribution must be reviewed annually. Mr. Lopez recommended no change.

Item #8. Rules of Racing – Adoption Hearing:

a. WAC 260-28-095 Retirement of horses (NEW SECTION) & WAC 260-40-145 Prohibiting entry of certain horses.

Doug Moore, Deputy Secretary said this is a new section dealing with allowing the board of stewards or executive secretary the ability to declare a horse permanently retired for racing purposes. The WHRC has received complaints in the past when a horse is sold to another party with the expressed understanding the horse will not be raced and the horse was discovered to be entered into a race at a later time. This rule will allow the board of stewards to write a ruling declaring the horse as retired and a list will be kept on the WHRC webpage of all retired horses. The horse will also be placed on the steward's list and entered into the InCompass database system and this would list the horse as being on the steward's list and listed as ineligible for entry and racing purposes.

Staff is recommending adoption.

Commissioner Colliton moved to adopt the new section to WAC 260-28-095 and amend WAC 260-40-145: listing the horse as retired. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #9. Executive Secretary's report:

a. RCI Summer Meeting (July 23-25, 2012) – Report.

Mr. Lopez attended the RCI Summer Meeting held at Saratoga Springs, New York. The discussion was on model rule changes regarding safety equipment – starters - requiring helmets and safety vests; track security; and shock wave therapy. Mr. Lopez said there was a discussion regarding the waving of the apprentice jockey allowance; the discussion was regarding allowing apprentice jockeys to waive their allowance for certain races and then regain the allowance. On the topic of Furosemide, this went nowhere.

b. Results of June 3, 2012 Handicapping Contest.

Mr. Lopez said he had received the required report per WAC 260-49-960(7) regarding the final outcome of the handicapping contest.

c. Wagering Recaps (June & July 2012).

Mr. Lopez gave the wagering totals for June and July by month, wagering period and calendar year for Emerald Downs.

d. WA-bred Owner's Bonus and Breeder Awards – Update.

Mr. Lopez prepared a spreadsheet comparing the revenues collected for the owners and breeders funds for 2011 and 2012. Mr. Lopez said the owner's bonus fund collection is down 1.7 percent from 2011; the breeders fund collection is up .3percent; and the class c purse fund is down .9 percent.

e. Monthly Financial Statements (June 2012):

Mr. Lopez explained the revenues and expenditures for the WHRC operating account and WHRC fund balance as of the end of June 2012.

Item #10. Any other business that may be properly brought before the Commission.

Commissioner Colliton said he would be unavailable the second week of March 2013 and asked if the meeting could be set for either the first week or the third week of March 2013. Mr. Lopez said the meeting schedule hadn't been finalized yet and would take this into account when preparing the schedule.

Meeting adjourned 11:55 A.M.

Robert J. Lopez, Executive Secretary